

## **CHAPTER 2**

### **Airport Capital Improvement Program (ACIP)**

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#### **Section I. General Information**

This chapter is designed to guide eligible recipients of state funding assistance through the process of applying for Commonwealth Airport Funds (CAF) for capital improvement programs.

The Capital Improvement Program (ACIP) is a compilation of projects, which are planned for implementation over a 6-year period. It lists each project by year showing its estimated cost and anticipated funding sources. ACIP projects include the cost of prerequisite engineering and design, technical studies and administration that are directly related to a project's implementation and subsequent completion. ACIP programming is conducted during the third quarter of the fiscal year. The annual program is presented to the Board during its first meeting of each fiscal year. This meeting is usually held during the annual Virginia Aviation Conference which is scheduled in August, however, airport sponsors may update their ACIP at anytime during the year. The basis for a sponsor's justification of projects listed in the ACIP should be the airport master plan, airport layout plan, and federal and state regulatory requirements.

The ACIP is specifically designed to:

- ✍ Provide the Board with specific requests for state funding.
- ✍ Provide the Department with specific information to develop an accurate and comprehensive 6-year budgetary program.
- ✍ Be used by the Department to leverage maximum federal funding for eligible sponsors and eligible projects.
- ✍ Be used to establish an accurate assessment of Virginia's long-term airport needs.

The CAF receives its revenue from an annual allocation of funds by the Commonwealth Transportation Board to the Virginia Aviation Board. The Code of Virginia specifies that the CAF shall be allocated to airports on the basis of their classification. It specifies that a portion of the CAF shall be allocated to air carrier airports as Entitlement Funds based on each airport's enplanements as a percentage of all air carrier airport enplanements during the previous calendar year. The remaining portion shall be allocated at the discretion of the Board to air carrier, reliever and general aviation airports. The Virginia Air Transportation System Plan defines

airport classifications.

In order that financial resources are allocated to the highest priority needs, the Department has developed, and the Board adopted, a project priority system. Each project is scored on the basis of merit (such as safety, capacity, etc.) and other factors that reflect an airport's activity, its classification in the system, and a sponsor's responsibility for maintenance and protection of the airport. Any sponsor wishing to obtain a copy of the priority system may request one from the Department.

Eligible sponsors may apply for state financial assistance at any time during the year through the submission of an ACIP preapplication or updated ACIP preapplication.

An instructional packet for completion of the ACIP preapplication is mailed to airport sponsors during the first quarter of each year and includes easy-to-follow instructions as well as reproducible forms. An example of a completed ACIP preapplication package, and blank, reproducible forms are included in *Appendix C*.

## Section II. State Financial Participation

**Shares** - The Department may participate financially with an airport sponsor either as part of a federally funded or non-federally funded project. The Appropriations Act of the General Assembly specifies that the legislative intent is for the Department to match federal funds to the maximum extent possible. Therefore, the Department participates at the rate of 80 percent of the non-federal share of the project cost. When an airport sponsor is not eligible for federal funding, or federal funds are not available, the Board may allocate state funding at varying percentages, but generally at a percentage rate of 80% of the total eligible project cost. Once the Board has awarded a tentative allocation, the Department may increase the allocation by up to 10% for justifiable project cost increases. Requests for allocation increases in excess of 10% must be submitted to the Board for action.

**The major difference between state financial aid programs is their individual approving authority rather than the application process.**

**Entitlement Funds** - Entitlement Funds are allocated annually to airport sponsors that have scheduled air carrier service in accordance with the Code of Virginia, Section 58.1-638.A3 (also see the Virginia Air Transportation System Plan). The amount to each sponsor is computed annually on the basis of the previous calendar year's enplaned passengers at that airport as a percentage of the total enplaned passengers as reported by each airport sponsor.

The Code of Virginia also specifies that no air carrier airport shall receive less than \$50,000 nor more than \$2 million per year.

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The only requirements that a sponsor must meet in order to receive entitlement funds is to provide the Department with a one-time certification to ensure: 1) eligibility; 2) fund expenditure in accordance with the Code of Virginia, Section 5.1-2.16; and, 3) that the sponsor will provide an annual accounting to the Department of the expenditure of entitlement funds including accrued interest, as soon as possible after the close of the fiscal year in which the entitlement was paid. If a sponsor requires discretionary funds to meet its capital needs, then a 6-year ACIP preapplication shall be submitted to the Department which demonstrates how entitlement funds will be used. It is the expressed intent of the Board that an airport's entitlement funds<sup>1</sup> shall be totally committed prior to receiving discretionary fund allocations.

**If a sponsor requires discretionary funds to meet its capital needs, then a 6-year ACIP shall be submitted to the Department which demonstrates how entitlement funds will be used.**

The Department will submit sponsors' ACIP and Entitlement Utilization Reports to the Board for their approval each year. An Entitlement Utilization Report form can be found in Section 2 of **Appendix D**. While the Board has no authority to direct the expenditure of Entitlement Funds, it is the Board's intent that these funds be used as the State's share of the costs of eligible state/local projects. Entitlement funds may be used for 100-percent of the non-federal share of federally funded projects. The Board's approval or disapproval of the expenditure and commitment of an airport's Entitlement Funds will be used by the Department as a basis for recommendations regarding the allocation of future Discretionary Funds.

**Discretionary Funds** - Any air carrier, reliever or general aviation airport sponsor may apply for Discretionary Funds for capital improvement projects identified in their ACIP. In order for the Board to make an informed decision regarding an allocation of Discretionary Funds, it needs to know how an air carrier airport sponsor intends to use its Entitlement Funds and will require those funds to be committed prior to allocation of Discretionary Funds based on the Department's priority system.

**The Board's approval or disapproval of the expenditure and commitment of an airport's Entitlement Funds shall be used by the Department as a basis for recommendations regarding the allocation of future Discretionary Funds.**

**Funding Caps** - Due to the limited availability of public funds, and in an attempt to make funding available to as many sponsors as possible, the Board has placed limits on the total dollar amounts in tentative allocations an airport sponsor may receive per fiscal year. No single airport sponsor may receive allocations totaling more than 25-percent of the current fiscal year's adjusted resources, as determined by the Department, prior to January 1 of the fiscal year in remainder of the fiscal year.

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<sup>1</sup> Entitlement funds include unexpended entitlement funds from previous fiscal years; interest earned on entitlement funds, and passenger facility charges used to reimburse entitlement fund accounts.

**Multi-year Funding** - Some capital project costs are of a magnitude that they would require funding in excess of the maximum allowable annual allocation. In these instances the Board policy allows for multi-year funding of entitlement and/or discretionary funds. Multi-year allocations are based on estimated revenues and allocations to the CAF. *If revenues do not meet the estimates, or if future year's estimates are revised downward, an airport's multi-year allocation may be adjusted.*

### Section III. Funding Eligibility Criteria

**General** - The Board has determined that aviation grant-in-aid funds should only be expended on certain specified elements of airport planning and development projects and allocated to sponsors that meet certain requirements established by Board policy or Virginia Aviation Regulations. Therefore, it is the policy of the Board that funding of airport improvements be allocated to those sponsors that fulfill regulatory and policy obligations for projects that maximize benefits to the public and improve access to an airport. The Department and the Board have not only established project eligibility criteria and listed projects that are eligible for funding, but have established sponsor eligibility criteria that must be met before a sponsor may receive state funds. Those criteria are:

- ✍ An airport shall be licensed by the Commonwealth and open to the public in accordance with Virginia Aviation Regulations (VAR).
- ✍ An airport shall be designated a "System Airport" in the Virginia Air Transportation System Plan or deemed an eligible sponsor by written opinion of the Office of the Attorney General. Funding eligibility is defined by classification of airports as included in the Virginia Air Transportation System Plan.
- ✍ An airport sponsor shall have an approved Airport Layout Plan. The proposed project must be shown on an approved Airport Layout Plan<sup>2</sup> on file with the Department. Airport sponsors planning for a new airport are eligible for funding. These sponsors must prepare and have an approved Airport Layout Plan as a normal part of the Master Planning/Site Selection process.
- ✍ An airport Sponsor shall be in compliance with all minimum requirements for licensing as defined in the Virginia Aviation Regulations Section (24 VAC 5-20-140). Projects that may be required to meet minimum requirements for licensing are eligible for state funding assistance.

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<sup>2</sup> An *approved Airport Layout Plan* is that which has been officially reviewed and approved by the Department and the FAA for airports that are eligible recipients of AIP funds or reviewed and approved by the Department for airports that are not eligible recipients of AIP funds.

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- ✍ An airport sponsor shall have submitted an annual Certificate of Financial Responsibility to the Department by January 31 of each year.” (See Virginia Aviation Regulations, Section 24 VAC 5-20-350)
- ✍ A sponsor shall have received approvals from the appropriate authorities on all environmental actions required for any project by federal or state law. This includes the environmental checklist, an environmental assessment, or an environmental impact statement.
- ✍ If a sponsor is applying for the state matching funds to a federal project that requires a benefit-cost analysis (BCA), the BCA must be approved prior to receiving a favorable recommendation from the Department.
- ✍ An airport sponsor shall have submitted an annual Based Aircraft Survey to the Department no later than January 31st of each year. (Reproducible *Based Aircraft Survey* forms are available in Section 3 to **Appendix D.**)
- ✍ An airport sponsor shall own<sup>1</sup> real property on which a project will be constructed.
- ✍ It is the intent of the Board that all airports properly plan for airport development, as such maintain a six-year ACIP. While this requirement does not apply to state entitlement funding, an airport sponsor shall have a current 6-year Airport Capital Improvement Program (ACIP) on file with the Department to be eligible to receive any state discretionary funds.

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**Design Standards** - The Department does not maintain design standards. Where not specified in VAC 5-20-140, the Department intends that federal (FAA) standards and specifications be used in the design of air-facility infrastructure, however, the Department may allow or seek FAA approval to use Virginia Department of Transportation design standards and specifications for general aviation airport infrastructure development on a case-by-case basis. Modifications to federal standards may be approved in writing only by the Department subject to the evaluation of an airport sponsor’s need and justification.

**Eligible Projects** - The ACIP includes airport projects such as improvements to runways, taxiways, and aprons; environmental assessments; master plan and airport layout plan studies; land acquisition; terminal buildings; visual aids; lighting and new airports. The installation of

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<sup>1</sup> In certain instances, projects may be constructed on leased property when such lease has been approved in writing by the Department.

navigation aids, airport maintenance, air service promotion, development or enhancement are not considered to be ACIP projects, however, may be included on the ACIP preapplication. A list of projects that are eligible for CAF grants-in-aid is provided at **Appendix B**.

**Eligibility Exclusions** - Excluded from eligibility are those projects that are revenue producing or proprietary in nature for exclusive use by management or tenants. Such projects include restaurants; lounges for dispensing beverages; concessionaire facilities; airline ticketing, baggage makeup and operational areas; airport management offices and conference rooms; office space and air traffic control facilities for lease to the FAA or FBO, and day-facilities for sleeping accommodations.

## **Section IV. Preapplication Process**

Capital projects that are part of the ACIP are funded through action of the Board during its August meeting (normally scheduled during the annual Virginia Aviation Conference). They are also funded throughout the year during regular meetings of the Board or as a special request on an individual project basis (see Chapter 7, Special Requests for Financial Assistance). The installation of navigation aids, airport maintenance, air service promotion, development or enhancement are not considered to be ACIP projects, however, may be included on the ACIP preapplication. The process is very simple, but must be followed carefully to provide the best information to the Department staff so that it may formulate its funding recommendations to the Board.

**Getting Started** - As mentioned above, the ACIP submission process begins during the third quarter of each fiscal year. Airport sponsors are sent a package of information containing ACIP preapplication forms as well as examples of completed forms and additional information that the sponsor may refer to in order to complete an ACIP. To begin the process of applying for financial assistance, an airport sponsor must submit a completed ACIP Preapplication. A blank preapplication form is at **Appendix C** and may be duplicated.

**Cost Estimates** - With greater demand on state financial assistance, project cost estimates should be as accurate as possible to preclude a sponsor from having to seek additional funding from the Board.

**Justification** - It is essential that each project for which funding is being requested during the first year of the ACIP be included on an approved ALP and be justified in writing with all necessary

**Supporting documentation is extremely important in the evaluation process and is used extensively by the Department and Board in determining project eligibility and priority.**

supporting material. The justification documents must completely and accurately describe the proposed work items. ACIP projects identified in years 2 through 6 do not require supporting documentation.

### **Department's Responsibility upon receipt of the completed ACIP package - The**

Department's staff will review each ACIP preapplication package for completeness and will contact the sponsor if additional supporting documentation and/or information is needed. Submittals are then evaluated on a project-by-project basis by the Department to ensure that the

**Project funding recommendations shall be communicated to airport sponsors prior to their submission to the Board.**

first-year project requests for financial assistance meet the intent of Virginia Law and Board policy. Through this process, the Department staff can determine the eligibility and priority of each project and formulate an appropriate recommendation to the Board. In addition, airport sponsor ACIP submittals must include certain items of information to ensure that funding requests are forwarded to the Board for consideration. Failure to provide of any one or more of the required items from sponsors' ACIP preapplication submittal will result in the Department recommending disapproval of all or part of a request for state funding assistance to the Board. These three items are: The ACIP, the program narrative and a sketch graphically depicting the proposed projects. An example of a completed ACIP, preapplication package is provided in Appendix C.

**Presentations to the Board** - Once the Department has formulated recommendations, it is required to submit the final program to the Board at least 2 weeks prior to any regular Board meeting. All first-year airport projects are presented during the Board meeting held at the Annual Virginia Aviation Conference. *Tentative allocations* for financial assistance are then awarded by the Board on a project-by-project basis during these meetings.

## **Section V. Individual Project Preapplications**

**Submittals throughout the year** - There are projects that must be submitted for the first time or resubmitted to the Board for various reasons throughout the year. An airport sponsor may submit a request to the Department at anytime during the year for consideration during any scheduled meeting of the Board. Project preapplications must be received at the Department at least four weeks prior to the date of a regular scheduled meeting. The Department will attempt to notify sponsors of project funding request submission deadlines. Even then, sponsors are responsible for knowing the deadline and may receive that date and time from the

**With the exception of emergency requests, requests for financial assistance received after the deadline date and time will be returned. They would then need to be resubmitted to the Department for presentation to the Board at a subsequent meeting.**

Department's Airport Service Division. With the exception of emergency requests as addressed in Chapter 7, requests for financial assistance (preapplications) received after the deadline date and time will be returned. Returned preapplications will not be automatically presented to the Board during a subsequent meeting.

Requirements for documentation will depend upon the impact of a funding request on other projects in a sponsor's ACIP. Here are a couple of points to note:

- ✍ If a project does not impact the timing of other projects in years 2 through 6 of the ACIP, the sponsor will not be required to submit a revised ACIP.
- ✍ If a project will impact the timing of other project(s) in years 2 through 6 of the ACIP or require deleting other projects or modifying the costs of other projects, a sponsor shall be required to submit a revised ACIP to initiate a request for funding.

**Completed Packet** – Each ACIP with appropriate narrative(s) and sketch(es) (See the example preapplication in Appendix C) shall be delivered to the Department by the designated cut-off date. In addition, a copy should also be provided to the FAA, Washington Airports District Office; the local Planning District Commission (PDC); and the sponsor's Virginia Aviation Board Representative (see list and map at **Appendix A.**)

**To Expedite the Process** - When applying for funds, each sponsor should formulate a justification that is focused and factual to secure the proper state priority score. Because airport requests for funding compete for limited financial resources, an airport sponsor must provide all of the required items as part of its request for state financial assistance. Again, remember that failure to provide any one or more of the required items from sponsors' ACIP submittal will result in the Department recommending disapproval of all or part of a request for state funding assistance to the Board. For an example of a completed submittal, see **Appendix C.**

## Section VI. Tentative Allocation Status Notification

Actions taken by the Board concerning financial assistance requests will be to approve or disapprove.

**Approve** - The Board may approve the request or award a reduced amount based upon reductions in the scope of work, availability of state funds or maximum funding limitations. In either case, the Department will issue a Tentative Allocation (TA) letter to inform the sponsor of the approval of the scope of work, the amount of state funding allowed and the expiration date of that approval.

**Disapprove** – A sponsor will be notified in writing of disapprovals.